
State: District of Columbia **First Filing Company:** Great Northern Insurance Company, ...
TOI/Sub-TOI: 20.0 Commercial Auto/20.0000 Commercial Auto Combinations
Product Name: Commercial Auto
Project Name/Number: Adoption of ISO's Loss Costs Revision/16-CA-45-RR

Filing at a Glance

Companies: Great Northern Insurance Company
Pacific Indemnity Company
Vigilant Insurance Company
Federal Insurance Company

Product Name: Commercial Auto
State: District of Columbia
TOI: 20.0 Commercial Auto
Sub-TOI: 20.0000 Commercial Auto Combinations
Filing Type: Rate
Date Submitted: 11/08/2016
SERFF Tr Num: ACEH-130800706
SERFF Status: Submitted to State
State Tr Num:
State Status:
Co Tr Num: 16-CA-45-RR

Effective Date 02/15/2017
Requested (New):
Effective Date 02/15/2017
Requested (Renewal):
Author(s): Jade McDermott, Sean Fakele
Reviewer(s):
Disposition Date:
Disposition Status:
Effective Date (New):
Effective Date (Renewal):

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General Information

Project Name: Adoption of ISO's Loss Costs Revision Status of Filing in Domicile: Not Filed
Project Number: 16-CA-45-RR Domicile Status Comments:
Reference Organization: ISO Reference Number: See Filing Description
Reference Title: See Filing Description Advisory Org. Circular: LI-CA-2015-074
Filing Status Changed: 11/08/2016
State Status Changed: Deemer Date:
Created By: Jade McDermott Submitted By: Jade McDermott
Corresponding Filing Tracking Number:

Filing Description:

We wish to adopt the following ISO loss costs revision:

District of Columbia Revised Commercial Automobile Advisory Prospective Loss Costs
(ISO Reference Filing Number CA-2015-BRLA1)

We are adopting the loss costs with our current on-file multipliers. An Actuarial Memorandum explaining our revisions is attached under the Supporting Documentation tab to assist in your review.

Your approval will be appreciated effective February 15, 2017.

Company and Contact

Filing Contact Information

Jade McDermott, State Filings Analyst jlmcdermott@chubb.com
202 Hall's Mill Road 908-572-4429 [Phone]
P.O. Box 1650 908-572-4820 [FAX]
Whitehouse Station, NJ 08854

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Filing Company Information

Great Northern Insurance
Company
One American Square
202 N. Illinois St.
Suite 2600
Indianapolis, IN 46282
(908) 572-2000 ext. [Phone]

CoCode: 20303
Group Code: 626
Group Name: Chubb
FEIN Number: 41-0729473

State of Domicile: Indiana
Company Type: Stock
State ID Number:

Federal Insurance Company
One American Square
202 N. Illinois St.
Suite 2600
Indianapolis, IN 46282
(908) 572-2000 ext. [Phone]

CoCode: 20281
Group Code: 626
Group Name: Chubb
FEIN Number: 13-1963496

State of Domicile: Indiana
Company Type: Stock
State ID Number:

Vigilant Insurance Company
55 Water Street
New York, NY 10041-2899
(908) 572-2000 ext. [Phone]

CoCode: 20397
Group Code: 626
Group Name: Chubb
FEIN Number: 13-1963495

State of Domicile: New York
Company Type: Stock
State ID Number:

Pacific Indemnity Company
Two Plaza East
Suite 1450
330 East Kilbourn Avenue
Milwaukee, WI 53202-3146
(908) 572-2000 ext. [Phone]

CoCode: 20346
Group Code: 626
Group Name: Chubb
FEIN Number: 95-1078160

State of Domicile: Wisconsin
Company Type: Stock
State ID Number:

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

State:	District of Columbia	First Filing Company:	Great Northern Insurance Company, ...
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Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: Decrease

Overall Percentage of Last Rate Revision: 1.700%

Effective Date of Last Rate Revision: 11/01/2015

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Great Northern Insurance Company	%	-1.900%	\$-6,982	55	\$367,468	8.100%	-5.000%
Pacific Indemnity Company	%	-1.900%	\$0	0	\$0	8.100%	-5.000%
Vigilant Insurance Company	%	-1.900%	\$0	0	\$0	8.100%	-5.000%
Federal Insurance Company	%	-1.900%	\$-16,225	245	\$853,953	8.100%	-5.000%

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TOI/Sub-TOI:	20.0 Commercial Auto/20.0000 Commercial Auto Combinations		
Product Name:	Commercial Auto		
Project Name/Number:	Adoption of ISO's Loss Costs Revision/16-CA-45-RR		

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Loss Costs Multipliers, Waived Premiums, and Minimum Premiums Rate Page	Chubb Rate Page Ex. Pg. DC.1.rt Edition 2/2017	Replacement	SERFF Tracking Number CHUB-130198486, Chubb Filing Number 15-CA-38-RR	LCM page.pdf

LOSS COSTS MULTIPLIERS: DISTRICT OF COLUMBIA

The following loss costs multipliers will apply for the writing companies indicated below:

<u>Writing Company:</u>	<u>Liability LCM</u>	<u>Physical Damage LCM</u>
Federal Insurance Company Great Northern Insurance Company Pacific Indemnity Company Vigilant Insurance Company	3.101	2.416

Although the rate clarification statements below refer to the ISO Rule numbers to which they apply, they are not being filed as replacement rules for those ISO Commercial Auto Manual Rules.

SECTION 1 - GENERAL RULES:**RULE # 8 – POLICY WRITING MINIMUM PREMIUM**

- A. Prepaid policies - \$ 175.00
- B. Annual premium payment plan policies or continuous policies - \$ 175.00

Rule # 9 – ADDITIONAL PREMIUM CHANGES

- B. Waive additional premium of \$ 15.00 or less.

Rule # 10 – RETURN PREMIUM CHANGES

- B. Waive return premium of \$ 15.00 or less (if not requested by the insured). Grant the return premium if requested by the insured.

SECTION II – TRUCKS, TRACTORS AND TRAILERS:**Rule # 24 – TRUCKERS/MOTOR CARRIERS**

- C.2.b.(5)(LC) Cost of Hire Basis Liability Minimum Premium
The minimum premium is \$ 21.00 for bodily injury and property damage liability at a \$100,000 limit.

SECTION VI – SPECIAL TYPES:**Rule # 79 – REPOSSESSED AUTOS**

- B.1.d.(LC) Repossessed Autos Liability Minimum Premium
The minimum premium is \$ 30.00 bodily injury and property damage at a \$100,000 limit.

SECTION VII – COMMON COVERAGES AND RATING PROCEDURES:**Rule # 89 – NON-OWNERSHIP LIABILITY**

- C.2.e.(LC) Social Service Agency Risks Liability Minimum Premium
The minimum premium for volunteers bodily injury and property damage liability is \$ 21.00 at a \$100,000 limit.
The minimum premium is \$ 7.00 per policy for blanket individual bodily injury and property damage liability at a \$100,000 limit.

Rule # 90 – HIRED AUTOS

- B.3.g.(LC) Hired Autos Liability Minimum Premium
The minimum premium is \$ 70.00 for bodily injury and property damage liability at a \$100,000 limit.

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Supporting Document Schedules

Bypassed - Item:	Consulting Authorization
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Certification (P&C)
Comments:	
Attachment(s):	Rate and Rule Filing Certification.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Comments:	
Attachment(s):	Actuarial Exhibits.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Comments:	
Attachment(s):	Actuarial Exhibits.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum/RFAF and Calc of Company LCM
Comments:	
Attachment(s):	Actuarial Memorandum.pdf RFAF and Calc of Company LCM.pdf
Item Status:	
Status Date:	

**DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE SECURITIES & BANKING
INSURANCE RATE AND RULE FILING CERTIFICATION**

A. Name of company or rating organization and mailing address
Federal Insurance Company, Great Northern, Pacific Indemnity Company, and Vigilant Insurance Company
202 Hall's Mill Road, P.O. Box 1650
Whitehouse Station, N.J. 08889-1650

B. Date of Filing

C. Line of Business Commercial Auto Proposed Effective Date 02/15/2017

Notes: _____ A Premium Survey Form must be attached to every private passenger auto filing
 _____ ☒ All information shall be for the District of Columbia only, unless otherwise specified
 _____ ☒ Provide a filing memorandum which fully states the purpose of the filing

D. Is this an independent filing _____ or a "me too" filing _____ or a filing related to the approved filing of a rating organization x
 If not an independent filing, specify approval date and reference number (if applicable) of the related filing
We are filing in order to adopt the approved ISO commercial auto loss costs, ISO reference filing number CA-2015-BRLA1.

E. List all rate level changes for the District of Columbia policies for the last five years:

Effective Date	Overall Rate Level Change
<u>11/01/2015</u>	<u>1.7%</u>
<u>02/01/2013</u>	<u>1.7%</u>

F. Show the change in the number of policies in force in the District of Columbia over the last five years:

Mandatory

Number of Policies in Force (as December 31st)

Commercial Auto	Voluntary		Assigned Risk	Grand Total	Percent Growth
	New	Renewal			
5th Prior Year - 2011	<u>45</u>	<u>258</u>	<u>not applicable</u>	<u>303</u>	<u>0.0%</u>
4th Prior Year - 2012	<u>45</u>	<u>253</u>	<u>not applicable</u>	<u>298</u>	<u>-1.7%</u>
3rd Prior Year - 2013	<u>42</u>	<u>241</u>	<u>not applicable</u>	<u>283</u>	<u>-5.0%</u>
2nd Prior Year - 2014	<u>44</u>	<u>249</u>	<u>not applicable</u>	<u>293</u>	<u>3.5%</u>
1st Prior Year - 2015	<u>45</u>	<u>255</u>	<u>not applicable</u>	<u>300</u>	<u>2.4%</u>

distribution of the total number of in-force policies by new and renewal is estimated

G. Show the maximum and minimum rate level effect of this filing by coverage. These effects shall illustrate the maximum increase (or smallest decrease) and minimum increase (or largest decrease), which will result to any one insured from the proposed changes to rates and/or rating factors.

The calculation of these effects shall be: the proposed change in the base rate, times the maximum (or minimum) change to each rating factor affecting coverage.

Percentage Rate Level Changes

Coverage	Maximum Increase (or smallest decrease)	Minimum Increase (or largest decrease)
Liability	0.0%	-5.0%
Comprehensive	0.0%	0.0%
Collision	8.1%	7.0%

H. Please provide information on the actuarial supporting data:

(1)	Calendar Year		Basic Limits	
	Accident Year	x	Total Limits	x
	Policy year			
	Other (Specify)			

If total limits data has been provided, specify the part of the filing that illustrates how large losses have been considered.
Not applicable, we are filing to adopt ISO loss costs with our current on-file multipliers.

- (2) All rate filings shall mathematically consider investment income, pursuant to D.C. Code Section 31-2703(6), 2001 Edition (as amended).

Specify the part of the filing which mathematically determines investment income:

Please refer to the attached Exhibit 4.

(3)

Please provide a chart showing the number of earned exposures for each coverage and each year of experience.

Please refer to the attached Exhibit 5.

(4)

Please provide a chart showing the actual written premium by coverage, which was used to calculate the overall percentage rate change.

Please refer to the attached Exhibit 1.

I.

The following data for the District of Columbia should be submitted from page 15 of the Annual Statement for the most recent two years.
Data presented is for total commercial auto - annual statement lines 19.3, 19.4, and 21.2

Most Recent Year (2015)

Coverage	Direct Premium		Direct Losses	
	Written	Earned	Paid incl. ALAE	Incurred incl. ALAE
Bodily Injury	727,085	744,952	159,231	304,936
Property damage	285,754	285,400	68,657	108,695
Uninsured Motorist	70,863	73,030	2,090	11,754
Other Liability	455	679	0	116
Total	1,084,157	1,104,061	229,978	425,501
Personal Injury Protection	18,305	18,079	0	2,220
Collision	136,657	135,727	66,508	68,143
Comprehensive	87,201	85,042	25,288	25,769
Other Physical Damage				
Total	223,858	220,769	91,796	93,912

Underwriting Income/Earned Premium

15.00%

Annual Statement for the year 2015 of the Combined Federal Insurance Company (countrywide data, all lines)

Prior Year (2014)

Coverage	Direct Premium		Direct Losses	
	Written	Earned	Paid incl. ALAE	Incurred incl. ALAE
Bodily Injury	789,707	756,924	9,730	102,829
Property damage	297,112	282,931	29,170	50,145
Uninsured Motorist	75,826	69,483	0	4,914
Other Liability	949	678	0	64
Total	1,163,594	1,110,016	38,900	157,952
Personal Injury Protection	18,033	17,410	0	235
Collision	120,796	110,609	24,405	25,277
Comprehensive	74,319	69,403	2,726	3,493
Other Physical Damage				
Total	195,115	180,012	27,131	28,770

Underwriting Income/Earned Premium

12.90%

Annual Statement for the year 2014 of the Combined Federal Insurance Company (countrywide data, all lines)

As an authorized representative of the Company or rating organization, I hereby certify that to the best of my knowledge and belief the attached filing complies with all applicable laws, regulations and bulletins of the District of Columbia.

Ju-Young Suh, FCAS, MAAA

NAME OF AUTHORIZED REPRESENTATIVE

SIGNATURE (REQUIRED)

Vice President and Actuary

TITLE

(908) 572 - 4531

TELEPHONE NUMBER

jysuh@chubb.com

E-MAIL ADDRESS

DISTRICT OF COLUMBIA

Exhibit 1

Cumulative ISO Loss Costs Changes Since Chubb's Last Loss Costs Adoption

Loss Costs Filing LI-CA-2015-060, Approval Circular LI-CA-2015-074

*Based on Chubb's 2015 Written Premium Distribution

		(1)	(2)	(3)	(4)	(5)
			LI-CA-2015-060 Approved ISO 10/1/2015 LC Change	Combined Approved ISO LC Change	Multiplier Change^	(1+(3))x(1+(4))-1 Chubb Effect
<u>COMMERCIAL CARS</u>		Written Premium				
Liability	Non-PIP	685,025	-5.0%	-5.0%	0.0%	-5.0%
	PIP	12,448	0.0%	0.0%	0.0%	0.0%
	UM	52,227	0.0%	0.0%	0.0%	0.0%
Phys Damage	Comprehensive	52,315	0.0%	0.0%	0.0%	0.0%
	Collision	61,619	7.0%	7.0%	0.0%	7.0%
Total Liability		749,700	-4.6%	-4.6%	0.0%	-4.6%
Total Physical Damage		113,934	3.8%	3.8%	0.0%	3.8%
Total Commercial Cars		863,634	-3.5%	-3.5%	0.0%	-3.5%
<u>PRIVATE PASSENGER TYPES</u>						
Liability	Non-PIP	322,330	0.0%	0.0%	0.0%	0.0%
	PIP	5,857	0.0%	0.0%	0.0%	0.0%
	UM	24,575	0.0%	0.0%	0.0%	0.0%
Phys Damage	Comprehensive	23,729	0.0%	0.0%	0.0%	0.0%
	Collision	63,784	8.1%	8.1%	0.0%	8.1%
Total Liability		352,762	0.0%	0.0%	0.0%	0.0%
Total Physical Damage		87,513	5.9%	5.9%	0.0%	5.9%
Total Private Passenger Types		440,275	1.2%	1.2%	0.0%	1.2%
<u>GARAGES</u>						
Liability	Non-PIP	0	0.0%	0.0%	0.0%	0.0%
	PIP	0	0.0%	0.0%	0.0%	0.0%
Phys Damage	Dealers					
	Comprehensive	7,502	0.0%	0.0%	0.0%	0.0%
	Collision	7,439	0.0%	0.0%	0.0%	0.0%
	Garage Keepers					
	Comprehensive	3,751	0.0%	0.0%	0.0%	0.0%
	Collision	3,720	0.0%	0.0%	0.0%	0.0%
Total Liability		0	0.0%	0.0%	0.0%	0.0%
Total Physical Damage		22,411	0.0%	0.0%	0.0%	0.0%
Total Garages		22,411	0.0%	0.0%	0.0%	0.0%
<u>RATE CHANGE FOR ALL TYPES</u>						
Total Liability		1,102,462	-3.1%	-3.1%	0.0%	-3.1%*
Total Physical Damage		223,858	4.2%	4.2%	0.0%	4.2%*
Total		1,326,320	-1.9%	-1.9%	0.0%	-1.9%*

^Based upon no change from current liability multiplier of 3.101 and physical damage multiplier of 2.416.

Commercial Auto

Derivation of the Needed Loss Costs Modification

(1)	(2)	(3)	(4)
Coverage	Expected Loss Ratio	Derived Loss Costs Multiplier*	Needed Loss Costs Modification
Liability	56.4%	3.101	74.90%
Physical Damage	62.7%	2.416	51.48%

* Please see the attached Exhibit 1 for detail on the loss costs multiplier change. The derived loss costs multipliers achieve the needed rate change for which we are applying; please refer to the attached Exhibits 2.1 and 2.p which show the rate indications for commercial auto liability and physical damage, respectively.

**State of Dist Of Columbia
Underwriting Expense Provisions
Commercial Auto Liability**

	Countrywide			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Avg.</u>
Total Commissions	14.1%	14.5%	14.8%	14.5%
Other Acquisition Expense	12.0%	10.9%	10.8%	11.2%
General Expenses	4.1%	3.8%	3.8%	3.9%
Taxes, Licenses, & Fees	2.6%	2.6%	2.4%	2.5%
Total Expense Provisions	32.8%	31.7%	31.8%	32.1%

	Dist of Columbia			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Avg.</u>
Regular Commissions	11.7%	12.6%	12.3%	12.2%
Contingent Commissions	0.9%	1.0%	1.0%	1.0%
Total Commissions	12.6%	13.6%	13.3%	13.2%
Other Acquisition Expense	12.0%	10.9%	10.8%	11.2%
General Expenses	4.1%	3.8%	3.8%	3.9%
Taxes, Licenses, & Fees	2.3%	2.2%	2.2%	2.2%
Total Expense Provisions	31.0%	30.4%	30.1%	30.5%

	<u>Dist of Columbia</u>
A. Underwriting Expense Provisions	30.5%
B. Underwriting Profit and Contingencies	13.1%
C. Total Underwriting Provisions	43.6%
D. Expected Loss & LAE Ratio	56.4%

Notes

- The state-specific ratios are from the Direct Page 15 Federal Combined Annual Statement.
Countrywide ratios are from the Federal Combined IEE.
- All ratios are to earned premium except commissions and taxes, licenses, and fees, which are to written premium.

**State of Dist Of Columbia
Commercial Auto Liability**

Return on Equity Calculation

For the purposes of these requirements, we have calculated an expected after-tax return on equity as follows:

$$ROE = \{[(UW + II) * PS] + YS\} * (1.000 - TX)$$

where:

- ROE = Return on equity, after federal income taxes
(See Historic Return on Equity Exhibit)
- UW = Underwriting profit, as a percentage of premium
- II = Investment income on policyholder funds, as a percentage
of premium (See Investment Income Offset Exhibit)
- PS = Premium to surplus ratio (See Premium to Surplus Ratio Exhibit)
- YS = Investment income on surplus, as a percentage of surplus
(See Historic Investment Income Yield Exhibit)
- TX = Effective Federal Income Tax rate (See Income Tax Exhibit)

We selected an underwriting profit provision of 13.1%
This implies an after-tax return on equity of 15.0%

$$ROE = \{[(13.1\% + 5.4\%) * 0.800] + 3.5\%\} * (1 - 18.0\%) = 15.0\%$$

**These returns are consistent with both our historic returns as shown in the
Historic Return on Equity exhibit.**

**Commercial Auto Liability
State of Dist Of Columbia**

CALCULATION OF INVESTMENT INCOME OFFSET

A.	Direct Earned Premiums for Calendar Year 2015 (see Sheet 2)	1,122,288
B.	Unearned Premium Reserve Subject to Investment (see Sheet 2)	
1.	Mean Unearned Premium Reserve for Calendar Year 2015	
a.	Unearned Premium Reserve as of 12/31/2015	489,360
b.	Unearned Premium Reserve as of 12/31/2014	508,845
c.	Mean Unearned Premium Reserve (a + b) / 2	499,103
2.	Deduction for Prepaid Expenses	
a.	Prepaid Expense Provisions:	
(1)	Commissions & Brokerage (excluding Contingent)	12.2%
(2)	Other Acquisition Expenses	11.2%
(3)	50% of General Expenses	2.0%
(4)	Taxes, Licenses, & Fees	2.2%
(5)	Total	27.6%
b.	Deduction for Prepaid Expenses (B.1.c x B.2.a.(5))	137,503
3.	Deduction for Federal Taxes Payable (B.1.c x 7.0%) (see Sheet 2)	34,937
4.	Deduction for Delayed Remission of Premiums	
a.	Average Agents' Balances Percentage (see Sheet 2)	19.8%
b.	Delayed Remission of Premiums (A x B.4.a)	222,274
5.	Net Unearned Premium Reserve Subject to Investment (B.1.c - B.2.b - B.3 - B.4.b)	104,389
C.	Loss Reserves Subject to Investment (see Sheet 2)	
1.	Expected Incurred Loss & Loss Adjustment Expense Ratio	64.5%
2.	Average Reserve to Incurred Ratio	2.251
3.	Expected Mean Loss and Loss Adjustment Expense Reserve (A x C.1 x C.2)	1,629,444
D.	Net Subject to Investment (B.5 + C.3)	1,733,833
E.	Average Rate of Return on Invested Assets (see Sheet 3)	3.5%
F.	Expected Investment Earnings (D x E)	60,684
G.	Ratio of Investment Earnings to Earned Premium (F / A) (equals Investment Income Offset)	<u>5.4%</u>

**Commercial Auto Liability
 State of Dist Of Columbia**

CALCULATION OF INVESTMENT INCOME OFFSET

- Item A 'Direct Earned premiums are from the Federal Combined Annual Statement for Commercial Auto Liability: (Page 15 Line 19.3, 19.4).
- Item B.1 Direct Unearned Premiums are from the Federal Combined Annual Statement for Commercial Auto Liability: (Page 15 Line 19.3, 19.4).
- Item B.2 Production costs and a significant portion of other underwriting expenses (excluding loss adjustment expenses) are incurred as soon as the policy is written and before the premium is earned. As a result, these monies are not available for investment.
- Item B.3 The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 35%, this tax equals 7.0% ($.20 \times .35 = .07$) of the unearned premium reserve. As a result, these monies are not available for investment.
- Item B.4 The average agents' balances percentage is based on the following information for all lines of business from the Federal Combined Annual Statement:

<u>Dollars in Thousands</u>	<u>2015</u>
(1) Net Earned Premium (Page 4, Line 1)	10,348,047
(2) Current Agents' Balances (Page 2, Lines 13.1+13.2)	2,048,387
(3) Prior Agents' Balances (Page 2, Lines 13.1+13.2)	2,050,572
(4) Mean Agents' Balances [(2) + (3)] / 2	2,049,479
(5) Average Agents' Balances Percentage (4) / (1)	<u>19.8%</u>

- Item C.1 The expected incurred loss & loss adjustment expense ratio is the complement of the Prepaid Expense Ratio, Item B.2.a.5, minus Contingent Commissions, 50% of General Expenses and a Profit & Contingencies Provision (5.0%).
- Item C.2 The average direct reserve to incurred ratio is based on the following information (excluding unallocated loss adjustment expense) from the Federal Combined Annual Statement (Page 15) for Commercial Auto Liability excluding the Mandated Department):

<u>Dollars in Thousands</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Incurred Losses and ALAE	88,472	102,820	105,840
(2) Current Unpaid Losses and ALAE	219,962	230,966	240,424
(3) Prior Unpaid Losses and ALAE	215,710	219,961	230,966
(4) Mean Loss and ALAE Reserves [(2) + (3)] / 2	217,836	225,463	235,695
(5) Ratio (4) / (1)	2.462	2.193	2.227
(6) Selected Reserve to Incurred Ratio	2.294		
(7) Estimated Reserve Discount	5.3%		
(8) Federal Taxes Payable (% of Reserve): (7) x 0.35	1.9%		
(9) (6) x [(1.000 - (8))]	<u>2.251</u>		

The average rate of return on invested assets is based on the following Countrywide information for all lines of business from the Federal Combined Annual Statement.

<u>Dollars in Thousands</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Net Investment Income earned (Page 4, Line 9)	1,186,079	992,121	1,071,444
(2) Cash and Invested Assets (Page 2, Line 10)	34,771,379	35,423,377	35,351,062
(3) Rate of Return Percentage (1) / (2)	3.4%	2.8%	3.0%
(4) Selected Rate of Return Percentage	<u>3.5%</u>		

Premium to Surplus Ratio
Commercial Auto Liability
(\$000s)

All Lines						Commercial Auto Liability					
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
Mean Net	Mean Net		Net	(3)/[(1)+(2)+(4)]		Mean Net	Mean Net	Net	Net	(5)x[(6)+(7)+(8)]	(9)/(10)
Loss & LAE	Unearned	Mean	Earned	Surplus		Loss & LAE	Unearned	Earned	Written	Allocated	Premium/
Reserve	Premium	Surplus	Premium	Ratio		Reserve	Premium	Premium	Premium	Surplus	Surplus
Year											
2011	17,339,812	4,779,345	14,012,404	9,083,104	0.449	252,823	72,142	150,625	149,387	213,579	0.699
2012	17,742,190	4,841,630	13,774,281	9,327,395	0.432	242,209	73,635	153,521	157,745	202,598	0.779
2013	17,637,391	4,911,593	14,291,164	9,604,173	0.444	246,588	74,898	161,559	159,862	214,699	0.745
2014	17,286,993	5,072,963	14,784,847	9,894,077	0.458	253,249	77,770	163,300	170,741	226,589	0.754
2015	17,303,625	5,226,299	14,053,544	10,348,047	0.427	263,305	84,597	178,575	184,785	225,040	0.821
5 Year Average											0.760
											Selected: 0.800

Source:

- (1), (6) Underwriting and Investment Exhibit Part 2A; Page 10, Column 8 and 9 (Average of Current and Prior year)
 (2), (7) Underwriting and Investment Exhibit Part 1A; Page 7, Column 5 (Average of Current and Prior Year)
 (3) Underwriting and Investment Exhibit Statement of Income; Page 4, Column 1, Line 38 (Average of Current and Prior Year)
 (4), (8) Underwriting and Investment Exhibit Part 1; Page 6, Column 4
 (9) Underwriting and Investment Exhibit Part 1 Page 6, Column 1
 The information provided is from the Federal Combined Annual Statement.

**State of Dist Of Columbia
Underwriting Expense Provisions
Commercial Auto Physical Damage**

	Countrywide			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Avg.</u>
Total Commissions	14.7%	14.6%	14.4%	14.5%
Other Acquisition Expense	11.5%	10.1%	10.4%	10.7%
General Expenses	2.9%	2.6%	2.7%	2.7%
Taxes, Licenses, & Fees	2.3%	2.1%	2.1%	2.2%
Total Expense Provisions	31.5%	29.4%	29.5%	30.1%

	Dist of Columbia			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Avg.</u>
Regular Commissions	11.4%	12.0%	12.0%	11.8%
Contingent Commissions	0.6%	1.1%	1.2%	1.0%
Total Commissions	12.0%	13.1%	13.2%	12.8%
Other Acquisition Expense	11.5%	10.1%	10.4%	10.7%
General Expenses	2.9%	2.6%	2.7%	2.7%
Taxes, Licenses, & Fees	2.1%	2.1%	2.1%	2.1%
Total Expense Provisions	28.6%	27.9%	28.3%	28.3%

	<u>Dist of Columbia</u>
A. Underwriting Expense Provisions	28.3%
B. Underwriting Profit and Contingencies	9.0%
C. Total Underwriting Provisions	37.3%
D. Expected Loss & LAE Ratio	62.7%

Notes

- The state-specific ratios are from the Direct Page 15 Federal Combined Annual Statement.
Countrywide ratios are from the Federal Combined IEE.
- All ratios are to earned premium except commissions and taxes, licenses, and fees, which are to written premium.

**State of Dist Of Columbia
Commercial Auto Physical Damage**

Return on Equity Calculation

For the purposes of these requirements, we have calculated an expected after-tax return on equity as follows:

$$ROE = \{[(UW + II) * PS] + YS\} * (1.000 - TX)$$

where:

- ROE = Return on equity, after federal income taxes
(See Historic Return on Equity Exhibit)
- UW = Underwriting profit, as a percentage of premium
- II = Investment income on policyholder funds, as a percentage
of premium (See Investment Income Offset Exhibit)
- PS = Premium to surplus ratio (See Premium to Surplus Ratio Exhibit)
- YS = Investment income on surplus, as a percentage of surplus
(See Historic Investment Income Yield Exhibit)
- TX = Effective Federal Income Tax rate (See Income Tax Exhibit)

We selected an underwriting profit provision of 9.0%
This implies an after-tax return on equity of 15.0%

$$ROE = \{[(9.0\% + 0.9\%) * 1.500] + 3.5\% \} * (1 - 18.0\%) = 15.0\%$$

**These returns are consistent with both our historic returns as shown in the
Historic Return on Equity exhibit.**

**Commercial Auto Physical Damage
State of Dist Of Columbia**

CALCULATION OF INVESTMENT INCOME OFFSET

A.	Direct Earned Premiums for Calendar Year 2015 (see Sheet 2)	220,835
B.	Unearned Premium Reserve Subject to Investment (see Sheet 2)	
1.	Mean Unearned Premium Reserve for Calendar Year 2015	
a.	Unearned Premium Reserve as of 12/31/2015	107,077
b.	Unearned Premium Reserve as of 12/31/2014	103,902
c.	Mean Unearned Premium Reserve (a + b) / 2	105,490
2.	Deduction for Prepaid Expenses	
a.	Prepaid Expense Provisions:	
(1)	Commissions & Brokerage (excluding Contingent)	11.8%
(2)	Other Acquisition Expenses	10.7%
(3)	50% of General Expenses	1.4%
(4)	Taxes, Licenses, & Fees	2.1%
(5)	Total	26.0%
b.	Deduction for Prepaid Expenses (B.1.c x B.2.a.(5))	27,375
3.	Deduction for Federal Taxes Payable (B.1.c x 7.0%) (see Sheet 2)	7,384
4.	Deduction for Delayed Remission of Premiums	
a.	Average Agents' Balances Percentage (see Sheet 2)	19.8%
b.	Delayed Remission of Premiums (A x B.4.a)	43,737
5.	Net Unearned Premium Reserve Subject to Investment (B.1.c - B.2.b - B.3 - B.4.b)	26,994
C.	Loss Reserves Subject to Investment (see Sheet 2)	
1.	Expected Incurred Loss & Loss Adjustment Expense Ratio	63.7%
2.	Average Reserve to Incurred Ratio	0.221
3.	Expected Mean Loss and Loss Adjustment Expense Reserve (A x C.1 x C.2)	31,088
D.	Net Subject to Investment (B.5 + C.3)	58,082
E.	Average Rate of Return on Invested Assets (see Sheet 3)	3.5%
F.	Expected Investment Earnings (D x E)	2,033
G.	Ratio of Investment Earnings to Earned Premium (F / A) (equals Investment Income Offset)	<u>0.9%</u>

**Commercial Auto Physical Damage
 State of Dist Of Columbia**

CALCULATION OF INVESTMENT INCOME OFFSET

- Item A 'Direct Earned premiums are from the Federal Combined Annual Statement for Commercial Auto Physical Damage: (Page 15 Line 21.2).
- Item B.1 Direct Unearned Premiums are from the Federal Combined Annual Statement for Commercial Auto Physical Damage: (Page 15 Line 21.2).
- Item B.2 Production costs and a significant portion of other underwriting expenses (excluding loss adjustment expenses) are incurred as soon as the policy is written and before the premium is earned. As a result, these monies are not available for investment.
- Item B.3 The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 35%, this tax equals 7.0% ($.20 \times .35 = .07$) of the unearned premium reserve. As a result, these monies are not available for investment.
- Item B.4 The average agents' balances percentage is based on the following information for all lines of business from the Federal Combined Annual Statement:

<u>Dollars in Thousands</u>	<u>2015</u>
(1) Net Earned Premium (Page 4, Line 1)	10,348,047
(2) Current Agents' Balances (Page 2, Lines 13.1+13.2)	2,048,387
(3) Prior Agents' Balances (Page 2, Lines 13.1+13.2)	2,050,572
(4) Mean Agents' Balances [(2) + (3)] / 2	2,049,479
(5) Average Agents' Balances Percentage (4) / (1)	<u>19.8%</u>

- Item C.1 The expected incurred loss & loss adjustment expense ratio is the complement of the Prepaid Expense Ratio, Item B.2.a.5, minus Contingent Commissions, 50% of General Expenses and a Profit & Contingencies Provision (8.0%).
- Item C.2 The average direct reserve to incurred ratio is based on the following information (excluding unallocated loss adjustment expense) from the Federal Combined Annual Statement (Page 15) for Commercial Auto Physical Damage excluding the Mandated Department):

<u>Dollars in Thousands</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Incurred Losses and ALAE	21,468	25,033	28,075
(2) Current Unpaid Losses and ALAE	4,919	5,713	6,102
(3) Prior Unpaid Losses and ALAE	5,572	4,919	5,713
(4) Mean Loss and ALAE Reserves [(2) + (3)] / 2	5,245	5,316	5,907
(5) Ratio (4) / (1)	0.244	0.212	0.210
(6) Selected Reserve to Incurred Ratio	0.222		
(7) Estimated Reserve Discount	1.3%		
(8) Federal Taxes Payable (% of Reserve): (7) x 0.35	0.5%		
(9) (6) x [(1.000 - (8))]	<u>0.221</u>		

The average rate of return on invested assets is based on the following Countrywide information for all lines of business from the Federal Combined Annual Statement.

<u>Dollars in Thousands</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Net Investment Income earned (Page 4, Line 9)	1,186,079	992,121	1,071,444
(2) Cash and Invested Assets (Page 2, Line 10)	34,771,379	35,423,377	35,351,062
(3) Rate of Return Percentage (1) / (2)	3.4%	2.8%	3.0%
(4) Selected Rate of Return Percentage	<u>3.5%</u>		

Premium to Surplus Ratio
Commercial Auto Physical Damage
(\$000s)

All Lines						Commercial Auto Physical Damage					
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
Mean Net	Mean Net		Net	(3)/[(1)+(2)+(4)]		Mean Net	Mean Net	Net	Net	(5)x[(6)+(7)+(8)]	(9)/(10)
Loss & LAE	Unearned	Mean	Earned	Surplus		Loss & LAE	Unearned	Earned	Written	Allocated	Premium/
Reserve	Premium	Surplus	Premium	Ratio		Reserve	Premium	Premium	Premium	Surplus	Surplus
Year											
2011	17,339,812	4,779,345	14,012,404	9,083,104	0.449	5,850	20,647	42,020	41,139	30,769	1.337
2012	17,742,190	4,841,630	13,774,281	9,327,395	0.432	3,759	20,194	42,773	42,746	28,801	1.484
2013	17,637,391	4,911,593	14,291,164	9,604,173	0.444	3,019	20,262	42,408	42,580	29,196	1.458
2014	17,286,993	5,072,963	14,784,847	9,894,077	0.458	3,396	21,106	44,071	45,597	31,433	1.451
2015	17,303,625	5,226,299	14,053,544	10,348,047	0.427	4,890	22,828	48,413	50,326	32,541	1.547
5 Year Average											1.460
											Selected: 1.500

Source:

- (1), (6) Underwriting and Investment Exhibit Part 2A; Page 10, Column 8 and 9 (Average of Current and Prior year)
(2), (7) Underwriting and Investment Exhibit Part 1A; Page 7, Column 5 (Average of Current and Prior Year)
(3) Underwriting and Investment Exhibit Statement of Income; Page 4, Column 1, Line 38 (Average of Current and Prior Year)
(4), (8) Underwriting and Investment Exhibit Part 1; Page 6, Column 4
(9) Underwriting and Investment Exhibit Part 1 Page 6, Column 1
The information provided is from the Federal Combined Annual Statement.

Historic Return on Equity

(1) Calendar Year	(2) Pre-Tax Net Income in (\$000s)	(3) After-Tax Net Income in (\$000s)	(4) Surplus in (\$000s)	(5) Pre-Tax Return on Equity (2)/(4)	(6) After-Tax Return on Equity (3)/(4)
2004	1,740,395	1,367,867	7,764,265	22.4%	17.6%
2005	2,049,343	1,673,496	8,833,290	23.2%	18.9%
2006	2,846,288	2,157,507	11,277,248	25.2%	19.1%
2007	3,512,788	2,652,763	12,877,458	27.3%	20.6%
2008	1,933,057	1,507,183	12,105,466	16.0%	12.5%
2009	2,505,943	1,986,000	14,321,521	17.5%	13.9%
2010	2,581,204	2,165,817	14,317,263	18.0%	15.1%
2011	2,024,179	1,785,078	13,707,546	14.8%	13.0%
2012	1,905,424	1,660,628	13,841,016	13.8%	12.0%
2013	3,051,140	2,361,783	14,741,312	20.7%	16.0%
2014	2,590,004	2,058,273	14,828,383	17.5%	13.9%
2015	2,954,090	2,403,203	13,278,705	22.2%	18.1%
Straight average, excluding highest and lowest					15.8%
5 Year Average					14.6%
Selected After-tax Rate of Return on Equity					15.0%

Source:

- (2) Line 18, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement
 - (3) Line 20, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement
 - (4) Line 38, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement
- The information provided is from the Federal Combined Annual Statement.

Effective Income Tax Rate

(1)	(2)	(3)	(4)	(5)
Calendar Year	Pre-Tax Net Income in (\$000s)	After-Tax Net Income in (\$000s)	Tax Withholdings (2) - (3)	Effective Tax Rate (4)/(2)
2011	2,024,179	1,785,078	239,101	11.8%
2012	1,905,424	1,660,628	244,796	12.8%
2013	3,051,140	2,361,783	689,357	22.6%
2014	2,590,004	2,058,273	531,731	20.5%
2015	2,954,090	2,403,203	550,887	18.6%
5 Yr Total	12,524,837	10,268,966	2,255,872	18.0%
Selected Effective Income Tax rate				18.0%

Source:

(2) Line 18, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement

(3) Line 20, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement

The information provided is from the Federal Combined Annual Statement.

Historic Investment Income Yields

Year	(1) Net Investment Income Earned (AS Pg 4, Ln 9)	(2) Cash & Invested Assets (AS Pg 2, Ln 10)	(3) Investment Income Yield (1) / (2)
2011	1,509,849	33,813,671	4.5%
2012	1,306,932	34,473,281	3.8%
2013	1,186,079	34,771,379	3.4%
2014	992,121	35,423,377	2.8%
2015	1,071,444	35,351,062	3.0%
5 Year Average			3.5%
Selected Investment Income Yield			3.5%

Commercial Auto Filing

***Federal Insurance Company
Great Northern Insurance Company
Pacific Indemnity Company
Vigilant Insurance Company***

DISTRICT OF COLUMBIA

Earned Exposures

<u>Year</u>	<u>Liability</u>	<u>Physical Damage</u>
2011	430	239
2012	454	250
2013	409	278
2014	399	336
2015	439	360

DISTRICT OF COLUMBIA

Exhibit 1

Cumulative ISO Loss Costs Changes Since Chubb's Last Loss Costs Adoption

Loss Costs Filing LI-CA-2015-060, Approval Circular LI-CA-2015-074

*Based on Chubb's 2015 Written Premium Distribution

		(1)	(2)	(3)	(4)	(5)
			LI-CA-2015-060 Approved ISO 10/1/2015 LC Change	Combined Approved ISO LC Change	Multiplier Change^	(1+(3))x(1+(4))-1 Chubb Effect
COMMERCIAL CARS		Written Premium				
Liability	Non-PIP	685,025	-5.0%	-5.0%	0.0%	-5.0%
	PIP	12,448	0.0%	0.0%	0.0%	0.0%
	UM	52,227	0.0%	0.0%	0.0%	0.0%
Phys Damage	Comprehensive	52,315	0.0%	0.0%	0.0%	0.0%
	Collision	61,619	7.0%	7.0%	0.0%	7.0%
Total Liability		749,700	-4.6%	-4.6%	0.0%	-4.6%
Total Physical Damage		113,934	3.8%	3.8%	0.0%	3.8%
Total Commercial Cars		863,634	-3.5%	-3.5%	0.0%	-3.5%
PRIVATE PASSENGER TYPES						
Liability	Non-PIP	322,330	0.0%	0.0%	0.0%	0.0%
	PIP	5,857	0.0%	0.0%	0.0%	0.0%
	UM	24,575	0.0%	0.0%	0.0%	0.0%
Phys Damage	Comprehensive	23,729	0.0%	0.0%	0.0%	0.0%
	Collision	63,784	8.1%	8.1%	0.0%	8.1%
Total Liability		352,762	0.0%	0.0%	0.0%	0.0%
Total Physical Damage		87,513	5.9%	5.9%	0.0%	5.9%
Total Private Passenger Types		440,275	1.2%	1.2%	0.0%	1.2%
GARAGES						
Liability	Non-PIP	0	0.0%	0.0%	0.0%	0.0%
	PIP	0	0.0%	0.0%	0.0%	0.0%
Phys Damage	Dealers					
	Comprehensive	7,502	0.0%	0.0%	0.0%	0.0%
	Collision	7,439	0.0%	0.0%	0.0%	0.0%
	Garage Keepers					
	Comprehensive	3,751	0.0%	0.0%	0.0%	0.0%
	Collision	3,720	0.0%	0.0%	0.0%	0.0%
Total Liability		0	0.0%	0.0%	0.0%	0.0%
Total Physical Damage		22,411	0.0%	0.0%	0.0%	0.0%
Total Garages		22,411	0.0%	0.0%	0.0%	0.0%
RATE CHANGE FOR ALL TYPES						
Total Liability		1,102,462	-3.1%	-3.1%	0.0%	-3.1%*
Total Physical Damage		223,858	4.2%	4.2%	0.0%	4.2%*
Total		1,326,320	-1.9%	-1.9%	0.0%	-1.9%*

^Based upon no change from current liability multiplier of 3.101 and physical damage multiplier of 2.416.

Commercial Auto

Derivation of the Needed Loss Costs Modification

(1)	(2)	(3)	(4)
Coverage	Expected Loss Ratio	Derived Loss Costs Multiplier*	Needed Loss Costs Modification
Liability	56.4%	3.101	74.90%
Physical Damage	62.7%	2.416	51.48%

* Please see the attached Exhibit 1 for detail on the loss costs multiplier change. The derived loss costs multipliers achieve the needed rate change for which we are applying; please refer to the attached Exhibits 2.1 and 2.p which show the rate indications for commercial auto liability and physical damage, respectively.

**State of Dist Of Columbia
Underwriting Expense Provisions
Commercial Auto Liability**

	Countrywide			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Avg.</u>
Total Commissions	14.1%	14.5%	14.8%	14.5%
Other Acquisition Expense	12.0%	10.9%	10.8%	11.2%
General Expenses	4.1%	3.8%	3.8%	3.9%
Taxes, Licenses, & Fees	2.6%	2.6%	2.4%	2.5%
Total Expense Provisions	32.8%	31.7%	31.8%	32.1%

	Dist of Columbia			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Avg.</u>
Regular Commissions	11.7%	12.6%	12.3%	12.2%
Contingent Commissions	0.9%	1.0%	1.0%	1.0%
Total Commissions	12.6%	13.6%	13.3%	13.2%
Other Acquisition Expense	12.0%	10.9%	10.8%	11.2%
General Expenses	4.1%	3.8%	3.8%	3.9%
Taxes, Licenses, & Fees	2.3%	2.2%	2.2%	2.2%
Total Expense Provisions	31.0%	30.4%	30.1%	30.5%

	<u>Dist of Columbia</u>
A. Underwriting Expense Provisions	30.5%
B. Underwriting Profit and Contingencies	13.1%
C. Total Underwriting Provisions	43.6%
D. Expected Loss & LAE Ratio	56.4%

Notes

- The state-specific ratios are from the Direct Page 15 Federal Combined Annual Statement.
Countrywide ratios are from the Federal Combined IEE.
- All ratios are to earned premium except commissions and taxes, licenses, and fees, which are to written premium.

**State of Dist Of Columbia
Commercial Auto Liability**

Return on Equity Calculation

For the purposes of these requirements, we have calculated an expected after-tax return on equity as follows:

$$ROE = \{[(UW + II) * PS] + YS\} * (1.000 - TX)$$

where:

- ROE = Return on equity, after federal income taxes
(See Historic Return on Equity Exhibit)
- UW = Underwriting profit, as a percentage of premium
- II = Investment income on policyholder funds, as a percentage
of premium (See Investment Income Offset Exhibit)
- PS = Premium to surplus ratio (See Premium to Surplus Ratio Exhibit)
- YS = Investment income on surplus, as a percentage of surplus
(See Historic Investment Income Yield Exhibit)
- TX = Effective Federal Income Tax rate (See Income Tax Exhibit)

We selected an underwriting profit provision of 13.1%
This implies an after-tax return on equity of 15.0%

$$ROE = \{[(13.1\% + 5.4\%) * 0.800] + 3.5\%\} * (1 - 18.0\%) = 15.0\%$$

**These returns are consistent with both our historic returns as shown in the
Historic Return on Equity exhibit.**

**Commercial Auto Liability
State of Dist Of Columbia**

CALCULATION OF INVESTMENT INCOME OFFSET

A.	Direct Earned Premiums for Calendar Year 2015 (see Sheet 2)	1,122,288
B.	Unearned Premium Reserve Subject to Investment (see Sheet 2)	
1.	Mean Unearned Premium Reserve for Calendar Year 2015	
a.	Unearned Premium Reserve as of 12/31/2015	489,360
b.	Unearned Premium Reserve as of 12/31/2014	508,845
c.	Mean Unearned Premium Reserve (a + b) / 2	499,103
2.	Deduction for Prepaid Expenses	
a.	Prepaid Expense Provisions:	
(1)	Commissions & Brokerage (excluding Contingent)	12.2%
(2)	Other Acquisition Expenses	11.2%
(3)	50% of General Expenses	2.0%
(4)	Taxes, Licenses, & Fees	2.2%
(5)	Total	27.6%
b.	Deduction for Prepaid Expenses (B.1.c x B.2.a.(5))	137,503
3.	Deduction for Federal Taxes Payable (B.1.c x 7.0%) (see Sheet 2)	34,937
4.	Deduction for Delayed Remission of Premiums	
a.	Average Agents' Balances Percentage (see Sheet 2)	19.8%
b.	Delayed Remission of Premiums (A x B.4.a)	222,274
5.	Net Unearned Premium Reserve Subject to Investment (B.1.c - B.2.b - B.3 - B.4.b)	104,389
C.	Loss Reserves Subject to Investment (see Sheet 2)	
1.	Expected Incurred Loss & Loss Adjustment Expense Ratio	64.5%
2.	Average Reserve to Incurred Ratio	2.251
3.	Expected Mean Loss and Loss Adjustment Expense Reserve (A x C.1 x C.2)	1,629,444
D.	Net Subject to Investment (B.5 + C.3)	1,733,833
E.	Average Rate of Return on Invested Assets (see Sheet 3)	3.5%
F.	Expected Investment Earnings (D x E)	60,684
G.	Ratio of Investment Earnings to Earned Premium (F / A) (equals Investment Income Offset)	<u>5.4%</u>

**Commercial Auto Liability
 State of Dist Of Columbia**

CALCULATION OF INVESTMENT INCOME OFFSET

- Item A 'Direct Earned premiums are from the Federal Combined Annual Statement for Commercial Auto Liability: (Page 15 Line 19.3, 19.4).
- Item B.1 Direct Unearned Premiums are from the Federal Combined Annual Statement for Commercial Auto Liability: (Page 15 Line 19.3, 19.4).
- Item B.2 Production costs and a significant portion of other underwriting expenses (excluding loss adjustment expenses) are incurred as soon as the policy is written and before the premium is earned. As a result, these monies are not available for investment.
- Item B.3 The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 35%, this tax equals 7.0% ($.20 \times .35 = .07$) of the unearned premium reserve. As a result, these monies are not available for investment.
- Item B.4 The average agents' balances percentage is based on the following information for all lines of business from the Federal Combined Annual Statement:

<u>Dollars in Thousands</u>	<u>2015</u>
(1) Net Earned Premium (Page 4, Line 1)	10,348,047
(2) Current Agents' Balances (Page 2, Lines 13.1+13.2)	2,048,387
(3) Prior Agents' Balances (Page 2, Lines 13.1+13.2)	2,050,572
(4) Mean Agents' Balances [(2) + (3)] / 2	2,049,479
(5) Average Agents' Balances Percentage (4) / (1)	<u>19.8%</u>

- Item C.1 The expected incurred loss & loss adjustment expense ratio is the complement of the Prepaid Expense Ratio, Item B.2.a.5, minus Contingent Commissions, 50% of General Expenses and a Profit & Contingencies Provision (5.0%).
- Item C.2 The average direct reserve to incurred ratio is based on the following information (excluding unallocated loss adjustment expense) from the Federal Combined Annual Statement (Page 15) for Commercial Auto Liability excluding the Mandated Department):

<u>Dollars in Thousands</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Incurred Losses and ALAE	88,472	102,820	105,840
(2) Current Unpaid Losses and ALAE	219,962	230,966	240,424
(3) Prior Unpaid Losses and ALAE	215,710	219,961	230,966
(4) Mean Loss and ALAE Reserves [(2) + (3)] / 2	217,836	225,463	235,695
(5) Ratio (4) / (1)	2.462	2.193	2.227
(6) Selected Reserve to Incurred Ratio	2.294		
(7) Estimated Reserve Discount	5.3%		
(8) Federal Taxes Payable (% of Reserve): (7) x 0.35	1.9%		
(9) (6) x [(1.000 - (8))]	<u>2.251</u>		

The average rate of return on invested assets is based on the following Countrywide information for all lines of business from the Federal Combined Annual Statement.

<u>Dollars in Thousands</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Net Investment Income earned (Page 4, Line 9)	1,186,079	992,121	1,071,444
(2) Cash and Invested Assets (Page 2, Line 10)	34,771,379	35,423,377	35,351,062
(3) Rate of Return Percentage (1) / (2)	3.4%	2.8%	3.0%
(4) Selected Rate of Return Percentage	<u>3.5%</u>		

Premium to Surplus Ratio
Commercial Auto Liability
(\$000s)

All Lines						Commercial Auto Liability					
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
Mean Net	Mean Net		Net	(3)/[(1)+(2)+(4)]		Mean Net	Mean Net	Net	Net	(5)x[(6)+(7)+(8)]	(9)/(10)
Loss & LAE	Unearned	Mean	Earned	Surplus		Loss & LAE	Unearned	Earned	Written	Allocated	Premium/
Reserve	Premium	Surplus	Premium	Ratio		Reserve	Premium	Premium	Premium	Surplus	Surplus
Year											
2011	17,339,812	4,779,345	14,012,404	9,083,104	0.449	252,823	72,142	150,625	149,387	213,579	0.699
2012	17,742,190	4,841,630	13,774,281	9,327,395	0.432	242,209	73,635	153,521	157,745	202,598	0.779
2013	17,637,391	4,911,593	14,291,164	9,604,173	0.444	246,588	74,898	161,559	159,862	214,699	0.745
2014	17,286,993	5,072,963	14,784,847	9,894,077	0.458	253,249	77,770	163,300	170,741	226,589	0.754
2015	17,303,625	5,226,299	14,053,544	10,348,047	0.427	263,305	84,597	178,575	184,785	225,040	0.821
5 Year Average											0.760
											Selected: 0.800

Source:

- (1), (6) Underwriting and Investment Exhibit Part 2A; Page 10, Column 8 and 9 (Average of Current and Prior year)
 (2), (7) Underwriting and Investment Exhibit Part 1A; Page 7, Column 5 (Average of Current and Prior Year)
 (3) Underwriting and Investment Exhibit Statement of Income; Page 4, Column 1, Line 38 (Average of Current and Prior Year)
 (4), (8) Underwriting and Investment Exhibit Part 1; Page 6, Column 4
 (9) Underwriting and Investment Exhibit Part 1 Page 6, Column 1
 The information provided is from the Federal Combined Annual Statement.

**State of Dist Of Columbia
Underwriting Expense Provisions
Commercial Auto Physical Damage**

	Countrywide			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Avg.</u>
Total Commissions	14.7%	14.6%	14.4%	14.5%
Other Acquisition Expense	11.5%	10.1%	10.4%	10.7%
General Expenses	2.9%	2.6%	2.7%	2.7%
Taxes, Licenses, & Fees	2.3%	2.1%	2.1%	2.2%
Total Expense Provisions	31.5%	29.4%	29.5%	30.1%

	Dist of Columbia			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Avg.</u>
Regular Commissions	11.4%	12.0%	12.0%	11.8%
Contingent Commissions	0.6%	1.1%	1.2%	1.0%
Total Commissions	12.0%	13.1%	13.2%	12.8%
Other Acquisition Expense	11.5%	10.1%	10.4%	10.7%
General Expenses	2.9%	2.6%	2.7%	2.7%
Taxes, Licenses, & Fees	2.1%	2.1%	2.1%	2.1%
Total Expense Provisions	28.6%	27.9%	28.3%	28.3%

	<u>Dist of Columbia</u>
A. Underwriting Expense Provisions	28.3%
B. Underwriting Profit and Contingencies	9.0%
C. Total Underwriting Provisions	37.3%
D. Expected Loss & LAE Ratio	62.7%

Notes

- The state-specific ratios are from the Direct Page 15 Federal Combined Annual Statement.
Countrywide ratios are from the Federal Combined IEE.
- All ratios are to earned premium except commissions and taxes, licenses, and fees, which are to written premium.

**State of Dist Of Columbia
Commercial Auto Physical Damage**

Return on Equity Calculation

For the purposes of these requirements, we have calculated an expected after-tax return on equity as follows:

$$ROE = \{[(UW + II) * PS] + YS\} * (1.000 - TX)$$

where:

- ROE = Return on equity, after federal income taxes
(See Historic Return on Equity Exhibit)
- UW = Underwriting profit, as a percentage of premium
- II = Investment income on policyholder funds, as a percentage
of premium (See Investment Income Offset Exhibit)
- PS = Premium to surplus ratio (See Premium to Surplus Ratio Exhibit)
- YS = Investment income on surplus, as a percentage of surplus
(See Historic Investment Income Yield Exhibit)
- TX = Effective Federal Income Tax rate (See Income Tax Exhibit)

We selected an underwriting profit provision of 9.0%
This implies an after-tax return on equity of 15.0%

$$ROE = \{[(9.0\% + 0.9\%) * 1.500] + 3.5\% \} * (1 - 18.0\%) = 15.0\%$$

**These returns are consistent with both our historic returns as shown in the
Historic Return on Equity exhibit.**

**Commercial Auto Physical Damage
State of Dist Of Columbia**

CALCULATION OF INVESTMENT INCOME OFFSET

A.	Direct Earned Premiums for Calendar Year 2015 (see Sheet 2)	220,835
B.	Unearned Premium Reserve Subject to Investment (see Sheet 2)	
1.	Mean Unearned Premium Reserve for Calendar Year 2015	
a.	Unearned Premium Reserve as of 12/31/2015	107,077
b.	Unearned Premium Reserve as of 12/31/2014	103,902
c.	Mean Unearned Premium Reserve (a + b) / 2	105,490
2.	Deduction for Prepaid Expenses	
a.	Prepaid Expense Provisions:	
(1)	Commissions & Brokerage (excluding Contingent)	11.8%
(2)	Other Acquisition Expenses	10.7%
(3)	50% of General Expenses	1.4%
(4)	Taxes, Licenses, & Fees	2.1%
(5)	Total	26.0%
b.	Deduction for Prepaid Expenses (B.1.c x B.2.a.(5))	27,375
3.	Deduction for Federal Taxes Payable (B.1.c x 7.0%) (see Sheet 2)	7,384
4.	Deduction for Delayed Remission of Premiums	
a.	Average Agents' Balances Percentage (see Sheet 2)	19.8%
b.	Delayed Remission of Premiums (A x B.4.a)	43,737
5.	Net Unearned Premium Reserve Subject to Investment (B.1.c - B.2.b - B.3 - B.4.b)	26,994
C.	Loss Reserves Subject to Investment (see Sheet 2)	
1.	Expected Incurred Loss & Loss Adjustment Expense Ratio	63.7%
2.	Average Reserve to Incurred Ratio	0.221
3.	Expected Mean Loss and Loss Adjustment Expense Reserve (A x C.1 x C.2)	31,088
D.	Net Subject to Investment (B.5 + C.3)	58,082
E.	Average Rate of Return on Invested Assets (see Sheet 3)	3.5%
F.	Expected Investment Earnings (D x E)	2,033
G.	Ratio of Investment Earnings to Earned Premium (F / A) (equals Investment Income Offset)	<u>0.9%</u>

**Commercial Auto Physical Damage
 State of Dist Of Columbia**

CALCULATION OF INVESTMENT INCOME OFFSET

- Item A 'Direct Earned premiums are from the Federal Combined Annual Statement for Commercial Auto Physical Damage: (Page 15 Line 21.2).
- Item B.1 Direct Unearned Premiums are from the Federal Combined Annual Statement for Commercial Auto Physical Damage: (Page 15 Line 21.2).
- Item B.2 Production costs and a significant portion of other underwriting expenses (excluding loss adjustment expenses) are incurred as soon as the policy is written and before the premium is earned. As a result, these monies are not available for investment.
- Item B.3 The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 35%, this tax equals 7.0% ($.20 \times .35 = .07$) of the unearned premium reserve. As a result, these monies are not available for investment.
- Item B.4 The average agents' balances percentage is based on the following information for all lines of business from the Federal Combined Annual Statement:

<u>Dollars in Thousands</u>	<u>2015</u>
(1) Net Earned Premium (Page 4, Line 1)	10,348,047
(2) Current Agents' Balances (Page 2, Lines 13.1+13.2)	2,048,387
(3) Prior Agents' Balances (Page 2, Lines 13.1+13.2)	2,050,572
(4) Mean Agents' Balances [(2) + (3)] / 2	2,049,479
(5) Average Agents' Balances Percentage (4) / (1)	<u>19.8%</u>

- Item C.1 The expected incurred loss & loss adjustment expense ratio is the complement of the Prepaid Expense Ratio, Item B.2.a.5, minus Contingent Commissions, 50% of General Expenses and a Profit & Contingencies Provision (8.0%).
- Item C.2 The average direct reserve to incurred ratio is based on the following information (excluding unallocated loss adjustment expense) from the Federal Combined Annual Statement (Page 15) for Commercial Auto Physical Damage excluding the Mandated Department):

<u>Dollars in Thousands</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Incurred Losses and ALAE	21,468	25,033	28,075
(2) Current Unpaid Losses and ALAE	4,919	5,713	6,102
(3) Prior Unpaid Losses and ALAE	5,572	4,919	5,713
(4) Mean Loss and ALAE Reserves [(2) + (3)] / 2	5,245	5,316	5,907
(5) Ratio (4) / (1)	0.244	0.212	0.210
(6) Selected Reserve to Incurred Ratio	0.222		
(7) Estimated Reserve Discount	1.3%		
(8) Federal Taxes Payable (% of Reserve): (7) x 0.35	0.5%		
(9) (6) x [(1.000 - (8))]	<u>0.221</u>		

The average rate of return on invested assets is based on the following Countrywide information for all lines of business from the Federal Combined Annual Statement.

<u>Dollars in Thousands</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Net Investment Income earned (Page 4, Line 9)	1,186,079	992,121	1,071,444
(2) Cash and Invested Assets (Page 2, Line 10)	34,771,379	35,423,377	35,351,062
(3) Rate of Return Percentage (1) / (2)	3.4%	2.8%	3.0%
(4) Selected Rate of Return Percentage	<u>3.5%</u>		

Premium to Surplus Ratio
Commercial Auto Physical Damage
(\$000s)

All Lines						Commercial Auto Physical Damage					
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
Mean Net	Mean Net		Net	(3)/[(1)+(2)+(4)]		Mean Net	Mean Net	Net	Net	(5)x[(6)+(7)+(8)]	(9)/(10)
Loss & LAE	Unearned	Mean	Earned	Surplus		Loss & LAE	Unearned	Earned	Written	Allocated	Premium/
Reserve	Premium	Surplus	Premium	Ratio		Reserve	Premium	Premium	Premium	Surplus	Surplus
Year											
2011	17,339,812	4,779,345	14,012,404	9,083,104	0.449	5,850	20,647	42,020	41,139	30,769	1.337
2012	17,742,190	4,841,630	13,774,281	9,327,395	0.432	3,759	20,194	42,773	42,746	28,801	1.484
2013	17,637,391	4,911,593	14,291,164	9,604,173	0.444	3,019	20,262	42,408	42,580	29,196	1.458
2014	17,286,993	5,072,963	14,784,847	9,894,077	0.458	3,396	21,106	44,071	45,597	31,433	1.451
2015	17,303,625	5,226,299	14,053,544	10,348,047	0.427	4,890	22,828	48,413	50,326	32,541	1.547
5 Year Average											1.460
											Selected: 1.500

Source:

- (1), (6) Underwriting and Investment Exhibit Part 2A; Page 10, Column 8 and 9 (Average of Current and Prior year)
 (2), (7) Underwriting and Investment Exhibit Part 1A; Page 7, Column 5 (Average of Current and Prior Year)
 (3) Underwriting and Investment Exhibit Statement of Income; Page 4, Column 1, Line 38 (Average of Current and Prior Year)
 (4), (8) Underwriting and Investment Exhibit Part 1; Page 6, Column 4
 (9) Underwriting and Investment Exhibit Part 1 Page 6, Column 1
 The information provided is from the Federal Combined Annual Statement.

Historic Return on Equity

(1) Calendar Year	(2) Pre-Tax Net Income in (\$000s)	(3) After-Tax Net Income in (\$000s)	(4) Surplus in (\$000s)	(5) Pre-Tax Return on Equity (2)/(4)	(6) After-Tax Return on Equity (3)/(4)
2004	1,740,395	1,367,867	7,764,265	22.4%	17.6%
2005	2,049,343	1,673,496	8,833,290	23.2%	18.9%
2006	2,846,288	2,157,507	11,277,248	25.2%	19.1%
2007	3,512,788	2,652,763	12,877,458	27.3%	20.6%
2008	1,933,057	1,507,183	12,105,466	16.0%	12.5%
2009	2,505,943	1,986,000	14,321,521	17.5%	13.9%
2010	2,581,204	2,165,817	14,317,263	18.0%	15.1%
2011	2,024,179	1,785,078	13,707,546	14.8%	13.0%
2012	1,905,424	1,660,628	13,841,016	13.8%	12.0%
2013	3,051,140	2,361,783	14,741,312	20.7%	16.0%
2014	2,590,004	2,058,273	14,828,383	17.5%	13.9%
2015	2,954,090	2,403,203	13,278,705	22.2%	18.1%
Straight average, excluding highest and lowest					15.8%
5 Year Average					14.6%
Selected After-tax Rate of Return on Equity					15.0%

Source:

- (2) Line 18, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement
 - (3) Line 20, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement
 - (4) Line 38, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement
- The information provided is from the Federal Combined Annual Statement.

Effective Income Tax Rate

(1)	(2)	(3)	(4)	(5)
Calendar Year	Pre-Tax Net Income in (\$000s)	After-Tax Net Income in (\$000s)	Tax Withholdings (2) - (3)	Effective Tax Rate (4)/(2)
2011	2,024,179	1,785,078	239,101	11.8%
2012	1,905,424	1,660,628	244,796	12.8%
2013	3,051,140	2,361,783	689,357	22.6%
2014	2,590,004	2,058,273	531,731	20.5%
2015	2,954,090	2,403,203	550,887	18.6%
5 Yr Total	12,524,837	10,268,966	2,255,872	18.0%
Selected Effective Income Tax rate				18.0%

Source:

(2) Line 18, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement

(3) Line 20, Page 4 (Underwriting & Investment Exhibit) of the Annual Statement

The information provided is from the Federal Combined Annual Statement.

Historic Investment Income Yields

Year	(1) Net Investment Income Earned (AS Pg 4, Ln 9)	(2) Cash & Invested Assets (AS Pg 2, Ln 10)	(3) Investment Income Yield (1) / (2)
2011	1,509,849	33,813,671	4.5%
2012	1,306,932	34,473,281	3.8%
2013	1,186,079	34,771,379	3.4%
2014	992,121	35,423,377	2.8%
2015	1,071,444	35,351,062	3.0%
5 Year Average			3.5%
Selected Investment Income Yield			3.5%

Commercial Auto Filing

***Federal Insurance Company
Great Northern Insurance Company
Pacific Indemnity Company
Vigilant Insurance Company***

DISTRICT OF COLUMBIA

Earned Exposures

<u>Year</u>	<u>Liability</u>	<u>Physical Damage</u>
2011	430	239
2012	454	250
2013	409	278
2014	399	336
2015	439	360

**Federal Insurance Company
Great Northern Insurance Company
Pacific Indemnity Company
Vigilant Insurance Company**

Actuarial Memorandum

District of Columbia Insurance Department

Commercial Auto Filing

Overview

We will adopt the following ISO commercial auto loss costs and related rules revisions with an effective date of **February 15, 2017**.

- commercial auto loss costs, ISO filing designation number CA-2015-BRLA1;

As we understand it, loss costs filing **CA-2015-BRLA1** carries forward the changes from ISO's previous approved loss costs revisions. Therefore, adopting ISO's recent loss costs and related rules allows us to become current with the industry as well as update our territory relativities. We are, however, maintaining our current rates, rules, and forms for the garage product, subline number 20.0002 Garage, as noted in a prior filing.

The loss costs will be adopted using our current multipliers of 3.101 for liability and 2.416 for physical damage. The liability rate effect is -3.1%, physical damage is 4.2%. The overall rate impact is -1.9%.

Also attached is our loss costs multipliers, waived premiums, and minimum premiums rate page, **Chubb Rate Page Ex. Pg. DC.1.rt, Edition 2/2017**, which contains our loss costs multipliers, as well as our policy writing minimum premiums, additional and return premium rules, and minimum premiums related to the applicable sections of ISO rule 24 (truckers/motor carriers), rule 79 (repossessed autos), rule 89 (non-ownership liability, social service risks), and rule 90 (hired auto liability). The page reflects our current loss costs multipliers, while no changes were made to the previously approved waived premiums or minimum premium values.

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Administrative Use

Date: 11/7/16

DISTRICT OF COLUMBIA
INSURER RATE FILING
ADOPTION OF RATING ORGANIZATION
PROSPECTIVE LOSS COSTS
REFERENCE FILING ADOPTION FORM

1. INSURER NAME Federal Insurance Company, Great Northern, Pacific Indemnity Company, and Vigilant Insurance Company
- ADDRESS 202 Hall's Mill Road
Whitehouse Station,
N. J.
08889
- PERSON RESPONSIBLE FOR FILING Theresa Boyce
- TITLE Manager, NA Commercial State Filings TELEPHONE # (215) 640-1811
2. INSURER NAIC # Federal 626-20281, Great Northern 626-20303, Pacific Indemnity 626-20346, Vigilant 626-20397
3. LINE OF INSURANCE Commercial Automobile Liability and Physical Damage
4. RATING ORGANIZATION NAME I.S.O.
5. RATING ORGANIZATION REFERENCE FILING # CA-2015-BRLA1
6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named rating organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing the prospective loss costs in the captioned Reference Filing.
- The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.
7. PROPOSED RATE LEVEL CHANGE -1.9 % EFFECTIVE DATE 02/15/2017
8. PRIOR RATE LEVEL CHANGE 1.7 % EFFECTIVE DATE 11/01/2015
9. ATTACH "CALCULATION OF COMPANY LOSS COST MULTIPLIER" FORM
(With or without expense constraints as appropriate. Use a separate Form for each insurer-selected loss cost multiplier.)
☐ "EXPENSE INFORMATION WORKSHEET"
☐ "DISTRICT OF COLUMBIA INVESTMENT INCOME WORKSHEETS"
☐ "MOTOR VEHICLE RATE AND RULE FILING CERTIFICATION" and
☐ "PREMIUM SURVEY FORM" (For Commercial and Personal Auto filings only.)
10. CHECK ONE OF THE FOLLOWING:
- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the rating organization's prospective loss costs for this line of insurance. The rates will apply to policies written on or after the effective date of the rating organization's prospective loss costs. This authorization is effective until disapproved by the Superintendent of Insurance, or amended or withdrawn by the insurer.
- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Rating Organization Reference Filing.

Insurer Name: [Federal Insurance Company, Great Northern](#) Date: 11/7/16
[Pacific Indemnity Company, and Vigilant Insurance Company](#)
NAIC Number: [Federal 626-20281, Great Northern 626-20303, Pacific Indemnity 626-20346, Vigilant 626-20397](#)

District of Columbia
Calculation of Company Loss Cost Multiplier
Without Expense Constant
To Accompany Adoption of Rating Organization Prospective Loss Costs

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:

[Commercial Auto Liability](#)

2. Loss Cost Modification:

- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing: (CHECK ONE)
☐ without modification (factor = 1.000).
☒ with the following modification factor (Cite the nature and percent modification, supporting data, and the NUMERIC DERIVATION of the modification.):

[Please refer to Exhibit 1.1](#)

- B. Loss Cost Modifier Expressed as a Factor:

1.749

3. Development of Expected Loss Ratio (Attach exhibit detailing expense data and/or other supporting information.):

	Selected Provisions %
A. Commission and Brokerage Expense (+)	<u>13.2%</u>
B. Other Acquisition Expense (+)	<u>11.2%</u>
C. General Expense (+)	<u>3.9%</u>
D. Taxes, Licenses, and Fees (+)	<u>2.2%</u>
E. Underwriting Profit and Contingencies (+)	<u>13.1%</u>
F. Investment Income Offset (-) *investment income is included in item E; (please refer to Exhibit 3)	<u></u>
G. Other (explain) (+)	<u></u>
H. TOTAL	<u>43.6%</u>

4. Expected Loss Ratio (ELR):

A. ELR (100% - 3H) =	<u>56.4%</u>
B. ELR in decimal form =	<u>0.564</u>

5. Company Calculated Loss Cost Multiplier (2B / 4B):

3.101

6. Company Selected Loss Cost Multiplier:

3.101

(If different than 5 above, then attach supporting documentation, rationale, and the numeric derivation of the Selected Loss Cost Multiplier):

7. Rate Level Change for the Coverage to Which this Form Applies:

A. Change in Loss Cost Expressed as a Factor =	<u>0.969</u>
B. Change in Multiplier Expressed as a Factor =	<u>1.000</u>
C. Overall Rate Change [(7A x 7B) - 1] x 100 =	<u>-3.1%</u>

Insurer Name: [Federal Insurance Company, Great Northern](#)
[Pacific Indemnity Company, and Vigilant Insurance Company](#)
NAIC Number: [Federal 626-20281, Great Northern 626-20303, Pacific Indemnity 626-20346, Vigilant 626-20397](#)

Date: 11/7/16

District of Columbia
Calculation of Company Loss Cost Multiplier
Without Expense Constant
To Accompany Adoption of Rating Organization Prospective Loss Costs

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:
Commercial Auto Physical Damage

2. Loss Cost Modification:

- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing: (CHECK ONE)
- ☐ without modification (factor = 1.000).
- ☒ with the following modification factor (Cite the nature and percent modification, supporting data, and the NUMERIC DERIVATION of the modification.):

Please refer to Exhibit 1.1

B. Loss Cost Modifier Expressed as a Factor:

1.515

3. Development of Expected Loss Ratio (Attach exhibit detailing expense data and/or other supporting information.):

	Selected Provisions %
A. Commission and Brokerage Expense (+)	<u>12.8%</u>
B. Other Acquisition Expense (+)	<u>10.7%</u>
C. General Expense (+)	<u>2.7%</u>
D. Taxes, Licenses, and Fees (+)	<u>2.1%</u>
E. Underwriting Profit and Contingencies (+)	<u>9.0%</u>
F. Investment Income Offset (-) <i>*investment income is included in item E; (please refer to Exhibit 3)</i>	
G. Other (explain) (+)	
H. TOTAL	<u>37.3%</u>

4. Expected Loss Ratio (ELR):

A. ELR (100% - 3H) =	<u>62.7%</u>
B. ELR in decimal form =	<u>0.627</u>

5. Company Calculated Loss Cost Multiplier (2B / 4B):

2.416

6. Company Selected Loss Cost Multiplier:

2.416

(If different than 5 above, then attach supporting documentation, rationale, and the numeric derivation of the Selected Loss Cost Multiplier):

7. Rate Level Change for the Coverage to Which this Form Applies:

A. Change in Loss Cost Expressed as a Factor =	<u>1.042</u>
B. Change in Multiplier Expressed as a Factor =	<u>1.000</u>
C. Overall Rate Change [(7A x 7B) - 1] x 100 =	<u>4.2%</u>